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DE RUEHSB #1003 3111450  
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P 071450Z NOV 07  
FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC PRIORITY 2104  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHUJA/AMEMBASSY ABUJA 1766  
RUEHAR/AMEMBASSY ACCRA 1642  
RUEHDS/AMEMBASSY ADDIS ABABA 1773  
RUEHBY/AMEMBASSY CANBERRA 1050  
RUEHDK/AMEMBASSY DAKAR 1399  
RUEHKM/AMEMBASSY KAMPALA 1830  
RUEHNR/AMEMBASSY NAIROBI 4258  
RUEHGV/USMISSION GENEVA 0896  
RHEHAAA/NSC WASHDC  
RHMFISS/JOINT STAFF WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEFDIA/DIA WASHDC//DHO-7//  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOC/ECMO/CC/DAO/DOB/DOI//  
RUEPGBA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ23-CH/ECJ5M//

C O N F I D E N T I A L HARARE 001003

SIPDIS

SIPDIS

AF/S FOR S. HILL  
NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN  
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN  
TREASURY FOR J. RALYEA AND T.RAND  
COMMERCE FOR BECKY ERKUL  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS

E.O. 12958: DECL: 01/12/2016  
TAGS: [EFIN](#) [ECON](#) [PGOV](#) [ZI](#)  
SUBJECT: ZIMBABWE INFLATION REQHES 60,000 PERCENT

REF: HARARE 0951

Classified By: Pol/Econ Deputy Chief Frances Chisholm under Section 1.4  
b/d

¶1. (C) PricewaterhouseCoopers (PWC) put the annual (monthly) rate of increase in the cost of living for low, middle and high-income earners in October at 73,221 percent (181 percent), 62,414 percent (123 percent), and 68,609 percent (174 percent) respectively. TM Supermarkets shared its October figures with us, as well: 66,193 percent and 268 percent m-o-m. OK Supermarkets came in at the low end: 29,494 percent for the low-income group and 33,357 percent for higher earners.

¶2. (C) In conveying the widely respected PWC figures to econoff on November 7, senior partner Tinashe Rwodzi admitted that PWC had bowed to pressure from the GOZ not to release its monthly Cost of Living Analysis to subscribers and did not dare to re-start distribution, which ceased with the July report, "until the shelves are full." Since PWC's current figures are based primarily on prices in the informal market, their publication would reflect badly on the GOZ and undermine its assertion that at least basic goods are re-appearing on the formal market. In the meantime, the GOZ's Central Statistical Office has not released cost of living figures since its July report which put the annual rate of inflation at 7,634 percent and the monthly rate of increase at 31.6 percent. (Note: The CSO uses the controlled or monitored prices of mostly unavailable goods in its calculations.)

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Comment  
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13. (SBU) Although one of the main functions of a reserve bank is to ensure price stability through implementation of prudent monetary policies, the RBZ is doing exactly the opposite: its reckless off-budget spending, parallel market activities, and printing of money to fund government operations are driving inflation. Under the circumstances, Reserve Bank Governor Gono's promise in delivering his monetary policy statement on October 1 that "most basic goods should and will return to the shelves within the next three to four weeks time," has remained unfulfilled and the rate of inflation has quickened and will likely continue to accelerate under current policies.

DHANANI